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Opening Statement
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"Obamacare's Impact on Jobs"
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In today's sluggish economy, with depressed wages, and millions of Americans who simply cannot find work, the federal government should be encouraging businesses to grow and expand and hire more people.

We should be incentivizing good jobs that provide the opportunity for advancement and increased wages.

As a result of Obamacare, however, we are doing exactly the opposite. And those who are hurt the most by the law are the most vulnerable – low-wage, young Americans in the retail and service industries.

Obamacare has multiple, detrimental effects on American workers. It contains perverse incentives for employers to: (1) not hire new employees, (2) convert full-time employees to part-time status or only hire part-time workers, and (3) drop coverage they currently provide to employees. Additionally, the new taxes and fees created by the law make it even harder for employers to compete in our current economy.

First, Obamacare requires that employers with 50 or more full-time equivalent (FTE) employees provide federally approved health coverage or face a tax penalty of $2,000 for every employee beyond the 30th.

If a business cannot afford to provide government-approved health insurance, making the decision to hire that 50th worker triggers the $2,000 penalty on the previous 20 employees, as well.

In many cases, employers have concluded that they simply cannot afford the cost of that 50th employee, effectively capping their growth and ensuring that fewer jobs exist for the millions of Americans who are unemployed or under-employed.

This is not theoretical.

According to the January 2013 report on Economic Activity published by the Federal Reserve, "[E]mployers in several districts cited the unknown effects of the Affordable Care Act as reasons for planned layoffs and reluctance to hire more staff."

Second, Obamacare is causing employers to convert full-time employees to part-time status and/or to only hire part-time employees, because the law defines anyone working 30 hours a week or more as "full-time," thus counting against the 50 FTE threshold.

We are already seeing employers reducing hours of current employees so as not to trigger the employer mandate and resulting fine. And, this trend disproportionally affects low-wage Americans in the restaurant, hotel, retail, and service industries.

Last month, the *Wall Street Journal* reported on a phenomenon known as "part-time job sharing" in the fast food industry.

Here, fast food chains such as McDonald's, Burger King, or Wendy's will effectively "share" employees. An employee will work part-time at one restaurant and then go and work part-time at another.

Both employers benefit – Obamacare does not require them to provide health insurance for part-time workers.

But the employee suffers – he or she now has two part-time jobs and yet still does not qualify for employer-sponsored insurance.

The Federal Reserve report confirms this trend. The report states that in Fed District VII, Chicago, some employers "are also beginning to limit hours for part-time workers to less than 30 hours in order to avoid the 30 hour (full-time employee status) rule related to the Affordable Care Act."

Third, those Americans blessed with a full-time job may lose their employer benefits. Many large employers have concluded that paying the $2,000 fine is still cheaper than providing health coverage.

In some cases, large employers have found that they could save hundreds of millions or even billions of dollars by dropping coverage and paying the fine.

These devastating consequences of Obamacare are already being seen today, and, as the law goes into effect in 2014, will only get worse in future years.

I look forward to hearing from our witnesses exactly what the effects of Obamacare will be on jobs and the workforce.